

ABERDEEN PROVING GROUND, MARYLAND **REAL ESTATE REIMBURSEMENT PROCESSING GUIDE**

(To be used for Department of the Army Civilian Employees Filing Real Estate Reimbursement Requests for a Primary Residence
Located in the Aberdeen Proving Ground, Maryland Area)

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What is a real estate reimbursement request?

These are requests for reimbursements for some types of expenses associated with the sale or purchase of a home or early termination of a lease pursuant to an authorized permanent change of station (PCS) move for civilian employees. Authority for payment of these requests is contained in 41CFR Part 302 and Joint Travel Regulation (JTR) Volume II, Chapter 5, Part P.

Where do I file my real estate reimbursement request?

Where you file your reimbursement request depends on your Activity (organization) and where the real estate transaction took place:

IN THE ABERDEEN PROVING GROUND AREA

If your home was purchased or sold or your unexpired lease was terminated in the Aberdeen Proving Ground area you must submit your reimbursement packet through your supervisor to your activity's Approval Authority.

OUTSIDE THE ABERDEEN PROVING GROUND AREA

Contact your activity's Approval Authority for further guidance.

Can I submit my reimbursement request directly to the Client Services Division, Office of the Staff Judge Advocate?

No. The Client Services Division will only accept requests submitted directly by the Approval Authority via email.

Who is my Approval Authority?

The Approval Authority is the Agency official responsible for payment approval under Joint Travel Regulation (JTR) Volume II, Chapter 5, Part P, Paragraph C5759D. Contact your immediate supervisor if you do not know who your Approval Authority is. A list of Approval Authorities for some agencies may be listed on the Client Services Division's website.*

What documents will I need to submit to my Approval Authority to support my request?

In the case of a home purchase or sale the Client Services Division will need, at a minimum, the documents listed below submitted in the following order (see diagram on page 3) prior to conducting a review of the expenses:

(1) **APG Request for Review of Reasonable Charges Form.** A form generated by the Client Services Division which includes a checklist for your Activity's Approval Authority and requires the certification of both you and the Approval Authority (see Appendix A).

(2) **DD Form 1614** (Request/Authorization for DOD Civilian Permanent Duty or Temporary Change of Station (TCS) Travel). If you are married to another government employee who has been issued separate travel orders, those orders are required to be submitted as well. In most cases, if both spouses are authorized reimbursement, this will result in each spouse receiving a pro rata (reduced) reimbursement.

(3) **DD Form 1705** (Reimbursement for Real Estate Sale and/or Purchase Closing Cost Expenses). This document must be signed by you in block 16a for sale or block 17a for purchase. Part IV should be blank as block 18 or 19 will be completed by the Client Services Division and block 20 will be completed by the Approval Authority after the Client Services Division review.

(4) **APG Itemized Worksheet-DD Form 1705 Form**. This form is generated by the Client Services Division and is attached to the DD Form 1705. It lists out, individually, each expense and must be completed in ALL requests for purchase or sale of property. Its purpose is to allow reviewers to see where expenses have originated prior to placement on DD Form 1705 (see Appendix B).

(5) **Property Settlement Document** (Form HUD-1). Must have the signatures of both the buyer and the seller.

(6) **Paid Invoices/Receipts** (For expenses paid outside of settlement). A check used as a receipt must have deposit/clearing information annotated on the back.

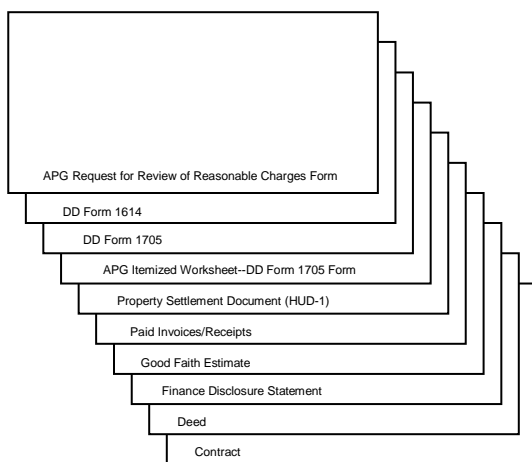
(7) **Good Faith Estimate** (This document is needed in financed purchase only--when buyer borrowed money to purchase home and when 2010 or later Form HUD-1 was used at settlement).

(8) **Finance Disclosure Statement** (Truth-in-Lending Act-[TILA]-Statement). This document need only be submitted in financed purchase--when buyer borrowed money to purchase home. In many cases it will include the lender's (Section 800) itemized finance charges which are not itemized on the Form HUD-1.

(9) **Deed** (The deed must show your interest in the property purchased or sold). This need not be the recorded deed but only a copy of the deed signed and notarized at settlement. It is readily accessible from the settlement title company.

(10) **Contract** (of sale or purchase). The contract must have the signatures of both the buyer and the seller AND include all addenda which were signed with or after initial contract signatures. This was not issued at settlement so you must go back to your records or your realtor (if you retained one) to get the final version of the contract with all addenda.

Format for Submitted Reimbursement Request



How do I complete the DD Form 1705?

(1) The primary source for information on how to complete the DD Form 1705 is the *Hand Book for Civilian Permanent Duty Travel* (PDT) (January 2010) which is available on the CSD website.* The comments contained in this guide have been made for the purposes of assisting employees with processes unique to Aberdeen Proving Ground and information specific to the area that have not been addressed in the DFAS handbook. This guide also contains additional helpful information not found in the DFAS handbook. This information is provided as a resource to the employee and is not legal advice nor is it binding on any future determination regarding reimbursement of a specific expense. Each employee is ultimately responsible for determining what expenses they are going to request reimbursement for based on their interpretation of the applicable law and regulation.

(2) The first step is to become familiar with your HUD-1 settlement statement, which you received at settlement. This document itemizes the expenses of the real estate transaction for which you are now requesting reimbursement. It is your “receipt” for your home purchase and will support the majority of your request. See Appendix G for a line by line explanation of the HUD-1.

(3) Completion of the DD Form 1705 is an exercise in transferring the reimbursable expenses listed on your HUD-1 to the proper categories appearing in the blocks on the reverse side of the DD Form 1705. Pay careful attention to whether the expenses were paid by the BORROWER or by the SELLER. You may not request reimbursement for any expense you did not incur such as one paid by the seller if you are the buyer. Remember to use the *APG Itemized Worksheet-DD Form 1705 Form* at Appendix B to list each of your expenses prior to transferring them to the DD Form 1705.

(4) After you complete Parts I, II, III, and V of DD Form 1705, be sure to sign your request in block 16 or 17, as appropriate, and make sure to leave Part IV blank. You must fill out a different DD Form 1705 for each purchase and sale.

(5) See APPENDIX F for additional information on completing the DD Form 1705.

What happens to my request after I submit it to my Approval Authority?

(1) Your Approval Authority will ensure that the request is in the proper format, signed, and includes all the proper documentation.

(2) Your Approval Authority will submit a request to the Client Services Division, Office of the Staff Judge Advocate, asking for a review of the expense reimbursement requested to ensure they are reasonable in amount and customarily paid by the seller or buyer in the Aberdeen Proving Ground, Maryland area by scanning all the documents necessary for the review (PDF document) and emailing them to the Client Services Division at: imneapgla@conus.army.mil with the Subject Heading: *Real Estate Reimbursement Request-(Requesting Employee's First and Last Name)*. This review is required pursuant to Paragraph C5759C of Part P, Chapter 5, Volume II of the JTR. It is conducted by an attorney assigned to the Client Services Division, whom your commander has determined is the best qualified individual to make reimbursement determinations.

(3) Upon receipt of the request, the attorney will review each expense requested and determine whether there is a specific basis to reimburse the requested expense under appropriate regulations and law. If additional information is required to complete the review, the Client Services Division will contact you directly.

(4) Once the review is complete, the attorney will sign block 18 or 19 of the DD Form 1705 and the memorandum addressed to DFAS. These documents will be sent via email to your Approval Authority, who is then responsible for completing block 20 of the DD Form 1705 and the DD Form 1351-2, as appropriate, and for forwarding the reimbursement request to DFAS in accordance with the guidance set forth in the *DFAS Hand Book for Civilian Permanent Duty Travel (PDT)* (January 2010) DFAS-CO 1404.1-PH starting at page 29.

The documents necessary to submit your request to DFAS are listed in the *DFAS Hand Book for Civilian Permanent Duty Travel* at page 35. This list is different from the documents which are required for the Client Services Division to review your request. Below is an excerpt of the list:

1. DD Form 1351-2: Include appropriate signatures and dates.
2. DD Form 1614, Travel Authorization, including any amendments.
3. DD Form 1705 (Application for Reimbursement of Expenses Incurred by DOD Civilian Employee) Upon Sale or Purchase (or both) of Residence upon Change of Duty Station. [Reduced reimbursements must include memorandum from Client Services Division.]
4. A copy of Settlement statement. (Itemized list of charges for the sale or purchase of a residence. This form requires signatures of both the seller and the buyer.)
5. A copy of Sale and/or Purchase agreement. (Must have both the seller and buyer's signature.)
6. DFAS-Columbus requires a copy of receipts for expenses paid in cash outside of closing. (i.e., application fee, credit report, etc.)
7. Any advance payment paperwork, DD Form 1351-2.

(5) After the Approval Authority has forwarded your reimbursement request to DFAS, he or she will provide you with a copy of the memorandum for DFAS prepared by the Client Services Division and the signed DD Form 1705 indicating that your request was paid in full, denied in full, or reduced. Should you disagree with the decision of the Approval Authority, you may request reconsideration or an appeal of that decision. Successful reconsiderations or appeals will result in your Approval Authority requesting a supplemental payment from DFAS on your behalf. For more information on the Client Services Division's reconsideration process and appeals, see the document *Reconsideration and Appeals* located on the Client Services Division website.*

In the case of a request for unexpired lease termination expenses, your Approval Authority will scan all the documents necessary for the review (PDF document) and email them to the Client Services Division at imneapgla@conus.army.mil with the Subject Heading: *Real Estate Reimbursement Request-(Employee First and Last Name)*. At the minimum, you will have to submit the documentation outlined on page 35 of the *DFAS Hand Book for Civilian Permanent Duty Travel (PDT)* (January 2010).

How do I check on the status of my request once submitted to my Approval Authority?

As the Agency official responsible for processing your request, all questions regarding its status should be directed to the Approval Authority.

Who can I contact if I have questions regarding my real estate reimbursement entitlements?

Questions should first be directed to your supervisor and Approval Authority. Employees may also direct inquiries to the proponent for processing these requests--DFAS, Permanent Travel Customer Service at 1-800-756-4571, Option 4, then Option 3. If employees cannot resolve questions or concerns through these sources and have been unable to resolve the question or concern after consulting this guide and the regulatory sources cited therein, they may contact the Client Services Division Directly by completing a *CSD Information Request Form* located at the Client Services Division website.* Employees should be aware that the staff of the Client

Services Division are responsible for advising the approval authorities who take action on reimbursement requests and are prohibited from providing legal advice to employees regarding reimbursement requests. For example, staff will not provide an opinion regarding the interpretation of law or regulation as it applies to a particular real estate transaction. This is particularly true if an employee has not already sold or purchased the property for which they intend to request reimbursement.

How do I suggest changes to this guide?

Please address any comments concerning this guide to the Client Services Division, Office of the Staff Judge US Army Garrison Aberdeen, Aberdeen Proving Ground, Maryland 21005 at the following email address: imneapgla@conus.army.mil with the Subject Heading: *Real Estate Reimbursement Guide*.

* To access the Client Services Division Website

1. Type www.apg.army.mil into your web browser.
2. On the left side of the homepage you will see USAG APG “Services Directory”-- activate this link.
3. At the bottom of this homepage you will see Installation Support Services “Legal (ILO)”--activate this link.
4. On the left side of this homepage you will see “Real Estate Reimbursement Information”-- activate this link.
5. Browse the available resources.

APPENDIX A**APG Request for Review of Reasonable Charges Form**

Purpose: To Request Review of Civilian Employee Real Estate Expenses Associated with PCS move to or from the Aberdeen Proving Ground, Maryland Area (all four parts must be completed)

PART I***Employee Certification***

I understand that my signature below indicates that the information submitted in support of this review is both true and accurate and that this review will be returned directly to the Approval Authority listed below for further processing in accordance with my activity's processing policies for real estate reimbursement requests. I agree to provide updated contact information to the Client Services Division should it change from the information contained below. I understand that I may be contacted by the Client Services Division after submission of my request for additional information and my failure to provide the requesting information in a timely manner may result in delay or complete denial of my request.

I understand that submission of a false or fraudulent request for reimbursement is a crime punishable under applicable Federal law and may form the basis of administrative disciplinary action up to and including removal from Federal Service. I agree to contact the Client Services Division if I have received a supplemental payment from any organization involved in my real estate transaction after I have settled on my home or if previously submitted information changes. I further certify that if I am filing a request for reimbursement of purchase expenses that I currently live in the property for which I have requested reimbursement and I am commuting daily from this residence to my new permanent duty station.

Employee Signature

Date

Print Name

Organization

Telephone Number:

Email Address:

Approval Authority Checklist**PART II**

The approval authority will initial in the appropriate block:

Is requesting employee's spouse a federal employee? ☐ **Yes** ☐ **No**

If yes, and spouse is not listed on requesting employee's orders as a dependent, the employee may only be authorized a pro rata share and spouse may have to file their own request for reimbursement.

PART III

The approval authority will ensure LEGIBLE scanned copies of the following documents are included in the review packet in the following order prior to forwarding the packet to the Client Services Division for Review by placing his or her initials in each of the following blocks (these documents will not be returned):

- ☐ APG Request for Review of Reasonable Charges Form (signed by employee and approval authority)
- ☐ Original and all amended copies of DD Form 1614 enclosed and includes specific authority for real estate reimbursement
- ☐ DD Form 1705 with parts I, II, III and V completed (signed by employee only)
- ☐ APG Itemized Worksheet-DD Form 1705 Form (must list out All expenses requested on DD Form 1705)

PART III (continued)

- ☐ Signed copy (by both parties) of settlement statement (HUD-1) showing expenses of both buyer and seller
- ☐ Proper receipt for every item paid outside closing (POC) if not listed on the HUD-1 (front and back of canceled checks or valid receipt from creditor)
- ☐ Good Faith Estimate (GFE) need only be submitted in financed purchase only--when buyer borrowed money to purchase home--and when 2010 or later Form HUD-1 was used at settlement
- ☐ Finance Disclosure Statement (Truth-in-Lending Act-[TILA]-Statement) (not required if sale of home or if purchase is not financed) must include the lender's (Section 800) itemized finance charges
- ☐ Signed and notarized copy of the Deed enclosed (normally consists of 2 or more pages--does not have to be recorded deed, only a copy of deed signed at settlement)
- ☐ Entire Contract of Purchase/Sale including all addenda (refer to contract for list of addenda)
- ☐ File is correctly collated in the order listed above

PART IV

Pursuant to JTR, Volume II, Chapter 5, Part P, Paragraph C5759C, *Review and Approval of Reasonable Charges*, an official designated by the commanding officer of an activity must review the expenses requested and the supporting documentation to determine if the expense(s) requested are reasonable in amount and customarily paid by the seller or buyer in the locality where the property is located.

As the approval authority (JTR, Volume II, Chapter 5, Part P, Paragraph C5759D) of the employee listed above, I request that the CSD perform the Paragraph C5759C review for the above listed employee. I will submit this request by scanning all documents necessary for the review (PDF document) and emailing them to the Client Services Division at imneapgl@conus.army.mil with the Subject Heading: *Real Estate Reimbursement Request-(Employee First and Last Name)*. I understand that your review will be returned to me via email and it will be my responsibility as the approval authority to ensure the reimbursement request is forwarded to DFAS in compliance with the *Pamphlet for Civilian Permanent Duty Travel (PDT)* DFAS-CO 1404.1-PH (January 2010 ed.) and the *Approval Authority Checklist* available from DFAS.

Approval Authority Certification

I have familiarized myself with the most recent version of the *Aberdeen Proving Ground, Maryland Real Estate Reimbursement Request Review Guide*, reviewed the documents submitted by the employee in support of this review, and completed the attached checklist required for submission. I hereby certify all requirements for submission to the CSD have been met to include the employee's signature above.

Approval Authority Signature

Date

Print Name

Organization

Telephone Number:

Email Address:

APPENDIX B

APG Itemized Worksheet-DD Form 1705 Form[illegible]

APPENDIX C

General Information

NOTE: Employees are often disappointed when there is a disparity in what they expected to be reimbursed and what they were actually reimbursed. It is the employee's responsibility to fully understand the benefits they will receive prior to obligating funds for those expenses. The following information is provided to assist employees in managing expectations and can be verified by reviewing the various authorities governing real estate reimbursement requests.

1. DO NOT incur real estate or other Permanent Change of Station (PCS) related expenses (to include entering into a contract for home purchase, sale, construction or realtor/other services) prior to receipt of documented PCS orders. Other written or verbal notification of a PCS move is ordinarily not sufficient. Failure to wait until receipt of documented orders will result in nonpayment of your reimbursement request.
2. Note that all expenses incurred in the sale/purchase of a residence are not reimbursable. Additional information is provided within this guide so find out if an expense is reimbursable before you obligate yourself to pay for it. Resources for research include the JTR, Volume II, Chapter 5, Part P and 41 CFR Part 302 which implement 5 USC 5724a and decisions of the Comptroller General, the General Services Administration Board of Contract Appeals, and the Civilian Board of Contract Appeals. Shop lenders, title companies, and understand reimbursement rules when dealing with sellers or buyers. Shopping the wide variety of lenders and title companies will often result in less out of pocket costs (non-reimbursable expenses), particularly in the case of lenders.
3. You cannot file a real estate reimbursement request for the sale/purchase of a residence until after the purchase or sale and you have actually incurred the expenses. The Joint Travel Regulation (JTR) does not authorize an advance of payment on real estate expenses. In addition, you must reside in the home for which you are seeking reimbursement of expenses. For a purchase, you must actually be commuting from your new residence to your new duty station before you are eligible to file a request for reimbursement.
4. Even though the DD Form 1705 provides both a column for sales expenses incurred at your old duty station and a column for purchase expenses incurred at the new duty station, you must separate the expenses and submit two separate requests for reimbursement. Separating the requests allows you to be paid on one while still waiting for administrative processing on the other.
5. You must incur your expenses within two years of the report date to your new duty station unless you request and receive an extension prior to the end of the two year period.
6. If you are authorized to use the Defense National Relocation Program and choose to do so for the sale of your home, you may not file a real estate reimbursement request for any costs associated with the sale of your home that you have already been reimbursed for or that were paid under the program on your behalf. You may be eligible to be reimbursed for those expenses not paid under the program.
7. If you are authorized real estate expenses AND unexpired lease expenses, you may request reimbursement for an unexpired lease OR real estate expenses for the sale of your previous residence, but not both. You still may file a reimbursement request for the purchase of a home in the location of your new duty station.

8. If you have received a “credit” such as a seller paid closing cost or a lender or builder credit for an ordinarily reimbursed expense, under most circumstances, you are not authorized reimbursement because you did not incur that expense. Similarly, if someone who is not your dependent has paid an expense on your behalf you are not authorized reimbursement. This may require careful planning and legal advice for the employee who wishes to maximize their reimbursement.
9. When buying a home, be sure to ask your lender to itemize or explain what is included in your “origination” and “points” charges. Sometimes the charge for points includes an appraisal fee, legal fees for document preparation, and survey costs, each of which may be reimbursable expenses (if listed as such). However, points relating only to mortgage interest are not reimbursable.
10. When purchasing a home, retaining the services of a home inspector (general, pest, septic, well, radon, pool) and purchasing a home warranty are both wise decisions; however, these services are ordinarily not reimbursable if incurred by choice.
11. If you purchase a home with someone other than a dependent and that person is listed on the deed submitted with your reimbursement request, you will only be reimbursed a pro-rata share if you cannot prove equitable title. In most cases, equitable title cannot be established so employees who purchase with a friend, fiancé, sibling, or non-dependent parent will only receive a 50% or less reimbursement. Avoiding this scenario, if desired, may require careful planning and legal advice.
12. The state of Maryland has a first-time home buyer status law in effect that requires, under most circumstances, that the seller of a pre-existing home pay all state transfer taxes and 50% of other transfer/recordation taxes for individuals who purchase a home in Maryland for the first time. Buyers who agree to incur these expenses will not receive reimbursement for them.
13. If two Federal employees are married, their DD FORM 1614 must reflect the status of real estate reimbursement authorizations on each employee’s orders. This scenario often results in a requirement that both employees file separate requests and may lead to reimbursement denial if one or more employees incur real estate expenses prior to receiving a DD Form 1614 (one spouse moves before the other but they buy a home before the stay behind spouse receives orders). Employees who find themselves in this situation need to carefully coordinate the issue with both order issuing authorities to ensure maximum benefit to each employee and no inadvertent loss of benefits.
14. Expenses associated with the construction of a home differ greatly from expenses associated with the purchase of a pre-existing home. If you choose to build a home, purchase from a builder, or purchase a home under unique circumstances (auction, short sale, rehab) you may only be reimbursed for those expenses customarily charged and reasonably incurred during the purchase of a pre-existing home and should plan accordingly.
15. The attorneys who conduct the real estate reimbursement review are Federal employees whose sole role in the process is to review for activity Approval Authorities real estate reimbursement expenses. These attorneys may not provide employees with personal legal advice regarding their real estate transaction nor assist them with structuring their home purchase or sale in such a way as to maximize their real estate reimbursement request. Employees are ultimately responsible for becoming familiar with the established rules associated with reimbursement and this guide serves to assist in that endeavor.

APPENDIX D

Customary Real Estate Expense in the Aberdeen Proving Ground Area

NOTE: Please be aware that an expense may be customary and ordinary under one circumstance (owner title insurance paid in Pennsylvania home purchase) and not customary and ordinary under another (owner title insurance not paid in Maryland and Delaware home purchase).

A. PURCHASE EXPENSES.

The following expenses are customarily paid by a purchaser in the Aberdeen Proving Ground area and are ordinarily reimbursable under JTR Vol. 2, Ch. 5, Para C5759, *Reimbursement for Residence Sale or Purchase Closing Costs*, if the costs are reasonable in amount:

General fees

Loan Origination Fee up to (1%)	Settlement Fee
Lender's Appraisal Fee	Title Examination
Credit Report	Title Insurance Binder
Flood Certification	Judgment Fee
Lender's Title Insurance	Notary Fee
Insurance Endorsement (PA and DE)	Recording Fee
Abstract/Title Search	Survey (of main property only)
Lien Sheet	
State and County Tax Stamps	
MD State Recordation--(1) pre-existing home (50%) (2) purchased from builder (100%)	
MD State Transfer--If not first time homebuyer then (50%)	
MD Local Transfer--only charged in some counties pre-existing home (50%) from builder (100%):	
DE State and PA State 50%	

County/City Specific Expenses

Transfer fee, Deed surcharge, or Town release fee
Cecil County - \$10.00
Bel Air - \$12.00
Aberdeen - \$10.00
Havre de Grace - \$20.00

Fees approved under limited circumstances

Attorney's Fees (contract review or closing document review)
Pest Inspection and or other inspections (only when certified as required by lender as precondition to loan)
Loan Application or Processing fees (in absence of a 1% loan origination fee if lender certifies fee is for admin costs only and then only up to 1%)
Document preparation (title company only not lender generated)
Copies (courthouse title search)
Owner's Title Insurance (only in Pennsylvania)
Courier/Wire Fee (only when not charged by lender and required)

B. SALE EXPENSES.

NOTE: Seller paying Purchaser's closing fees *IS NOT* customary in the Aberdeen Proving Ground area. Therefore, any closing cost paid by the Seller for the Purchaser will NOT be reimbursed.

The following expenses are customarily paid by a seller in the Aberdeen Proving Ground area and are ordinarily reimbursable under JTR Vol. 2, Ch. 5, Para C5759, *Reimbursement for Residence Sale or Purchase Closing Costs*, if the costs are reasonable in amount:

General fees

Brokerage Fee/Commission up to 6%
State and Local Transfer and Recordation taxes (50%)
Deed Preparation
Release Recording Fee
Notary Fee
Pest Inspection (VA loan)

Fees approved under limited circumstances

Attorney Fees (contract review)

APPENDIX E

Non-Reimbursable Expenses

The following expenses are not customarily paid by a purchaser in the Aberdeen Proving Ground area and are ordinarily not reimbursable under JTR Vol. 2, Ch. 5, Para C5759.

NON-REIMBURSABLE ITEMS.

A. Basis for Denial of Entire Reimbursement Request

- When contract to purchase or sell was entered into prior to receipt of official notification DD Form 1614
- When employee purchases home but does not reside in the home or commute from the home daily to the new permanent duty station

B. Basis to Deny a Pro rata share of Reimbursement Request (50% or less reimbursement)

- When employee purchases or sells home with spouse who is a government employee and authorized separate reimbursement
- When employee purchases or sells home with a non-immediate family member such as fiancé, friend, brother, or other associate without establishing equitable title

C. Basis to Deny Categories of Expenses

- Expense from unconsummated purchase or sale
- Duplicate fees-lenders final inspection, termite soil treatment, and multiple loan disbursement
- Fees associated with rehabilitating home not normally paid in the purchase of pre-existing home
- Unusual expenses associated with foreclosures, short sales, auctions
- Any fee not paid by the employee (such as seller paying portion of buyer's closing costs)
- Requested reimbursement for items not on HUD-1 without a receipt or required substantiation
- Fees which are not customarily incurred in the locality or exceeding the amount customarily charged

D. Specific Expenses

Lender's Document Preparation/Processing (if in addition to 1% Base Loan Origination Fee)

Warehousing Fee

VA Funding Fee

Property Taxes

Property and Hazard Insurance

Home Maintenance or Warranty Policy

Loss on Sale

Buyer's Broker Fee (charged by realtor/broker)

Down Payments/Good Faith Deposits

Operating or Maintenance Costs

Transaction Fee

Administrative Fee (Realtor or Broker)

Interest on Loans, Points, and Mortgage Discounts

Fees usually paid by other party but assumed by employee

Well Overage

Procurement/Release of Mortgage

MERS Registration Fee

Mortgage Insurance Premium

Commitment Fee/Underwriting Fee

Credit for Harford/Baltimore County Transfer Tax
(actually a credit some buyers receive)

Lender Package from Title Company

Copy/Scanning /Document Archival Fee

Boundary Survey (Owner Optional)

Home Association Dues/Capital Contribution Fee

Harford County New Construction Impact Fee

Cashier's Check Fee

Cash Paid Out at Settlement

Tax Service Fee

Title Insurance (Owner)

Construction Costs

APPENDIX F

Note:

Form HUD-1 2010 and later...

You are also advised that there are no specific instructions in this guide for completing the DD Form 1705 for real estate reimbursement requests involving the 2010 and later Form HUD-1 because lenders and title companies in the Aberdeen Proving Ground area have not been consistently reporting information on the 2010 HUD-1 Form. Accordingly, you should ensure that all requested expenses are annotated on the itemized worksheet regardless of where it is placed on the DD Form 1705. This will ensure that every expenses requested is properly reviewed to determine if it is reimbursable. Further guidance will be provided at a later date.

1) Completing DD Form 1705 for the Sale of a Former Residence

Note: Employee must first list all their expenses on the APG Itemized Worksheet-DD Form 1705 Form (see Appendix B) before transferring them to the DD Form 1705. Employees who fail to take this step will be denied reimbursement. Also, occasionally items may be listed elsewhere on the Form HUD-1 so carefully cross check your HUD-1 against Appendix D to ensure you did not miss anything.

Block 21. Sales/Brokers Commission Fees. Using your HUD-1, lines 700-704, enter the amount paid to a broker or real estate agent for selling the former residence.

Block 22. Advertising Fees. These expenses are normally incurred when a broker is not used (“For Sale by Owner”) and will not appear on your HUD-1. If you are requesting these expenses, you must attach receipts or other evidence of payment.

Block 23. Appraisal Fee. Enter the amount appearing on line 803 of your HUD-1. “POC” indicates a partial cash payment was made, be sure to attach your receipt.

Block 24. Legal and Related Fees. Total the amounts appearing on lines 1102-1107 of your HUD-1 which were paid by the SELLER. Also include amounts from lines 1201 and 1301. Do not include title insurance (lines 1108-1110) as legal fees. The amount paid for title insurance is entered in block 25f below.

Block 25a. Prepayment Charge. If your mortgagor requires such a payment, you must attach documentation of the amount paid and basis of the requirement (e.g. security instrument).

Block 25b. Lender’s Appraisal Fee. Seller’s appraisal fees are entered in Block 23.

Block 25c. FHA or VA Application Fee. When paid, this amount will be specifically itemized on your HUD-1, usually on one of the additional lines in the 800 block. Include only FHA or VA application fees, do not list other application fees associated with obtaining credit, such as commitment fees, underwriting fees, or real estate fees.

Block 25d. Certification Fee. Total of the amounts you paid as itemized on line 805 and the 1300 block of your HUD-1. Includes inspections required to obtain credit, such as pest, radon, paint and flood certificates. Reimbursement will only be made for those items required by lender or local law not for discretionary inspections.

Block 25e. Credit Report Fee. Enter the amount from line 804 of your HUD-1.

Block 25f. Mortgage Title Policy Fee. Enter the amount from lines 1108-1110 of your HUD-1, which records the title insurance cost. Do not request any life insurance or the other party's title insurance costs. Only include the amount paid by the seller for title insurance and not the amount paid by the buyer if separated on the HUD-1.

Block 25g. Escrow Agent's Fee. Enter the amount from line 1101 of your HUD-1.

Block 25h. City/County/State Tax Stamps. Total the amounts you paid from lines 1202 and 1203 of your HUD-1.

Block 25i. Sales or Transfer Taxes; Mortgage Tax. Where applicable, these taxes will be itemized on lines 1204-1207 of the HUD-1 or other appropriate documentation.

Block 26. Other Incidental Expenses. Incidental expenses must be itemized and explained on APG Itemized Worksheet-DD Form 1705 Form (see APPENDIX B).

Signature: Sign block 16a and date block 16b. LEAVE PART IV BLANK. Block 18 will be completed by the Client Services Division Staff and the Approval Authority will sign block 20.

LEAVE PART IV BLANK. Part IV will be completed by the Client Services Division Staff.

(2) Completing DD Form 1705 for the Purchase of a New Residence

Note: Employee must first list all their expenses on the APG Itemized Worksheet-DD Form 1705 Form (see Appendix B) before transferring them to the DD Form 1705. Employees who fail to take this step will be denied reimbursement. Also, occasionally items may be listed elsewhere on the Form HUD-1 so carefully cross check your HUD-1 against Appendix D to ensure you did not miss anything.

Block 24. Legal and Related Fees. Total the amounts appearing in lines 1102-1107 of your HUD-1 which were paid by the BORROWER. Also include amounts from lines 1201 and 1301. Do not include title insurance (lines 1108-1110) as legal fees. The amount paid for title insurance is entered in block 25f below. Do not include Settlement or closing cost fee (line 1101); this fee is entered in block 25g below.

Block 25a. Prepayment Charge. Not reimbursable for purchases.

Block 25b. Lender's Appraisal Fee. This occurs when your lender requires a second appraisal. If you paid this expense, include the amount from line 803 of the HUD-1.

Block 25c. FHA or VA Application Fee. When paid, this amount will be specifically itemized on your HUD-1, usually on one of the additional lines in the 800 block. Include only FHA or VA application fees, do not list other application fees associated with obtaining credit, such as commitment fees, underwriting fees, or real estate fees. Note: VA Funding Fees are not Application Fees and are not reimbursable.

Block 25d. Certification Fee. Total of the amounts you paid as itemized on line 805 and the 1300 block of your HUD-1. Also record on this line costs associated with certifications and inspections as required by the creditor, such as home, pest, radon, paint and flood inspections or certificates. Inspections not required by the lender as a precondition to purchase are ordinarily not reimbursable.

Block 25e. Credit Report Fee. Enter the amount from line 804 of your HUD-1.

Block 25f. Mortgage Title Policy Fee. Enter the amount from lines 1108-1110 of your HUD-1, which records the title insurance cost. Note: Only include the amount paid for the lender's title insurance (Maryland and Delaware purchasers of property) as ordinarily the owner's title insurance is not reimbursable. (Pennsylvania purchasers of property insert the entire amount of title insurance.)

Block 25g. Escrow Agent's Fee. Enter the amount from line 1101 of your HUD-1.

Block 25h. City/County/State Tax Stamps. Total the amounts you paid from lines 1202 and 1203 of your HUD-1.

Block 25i. Sales or Transfer Taxes; Mortgage Tax. Where applicable, these taxes will be itemized on lines 1204-1207 of the HUD-1 or other appropriate documentation. Note that Tax Service Fees and Underwriting Fees are not reimbursable. Underwriting and tax service fees are ordinarily paid incident to and as a prerequisite to the extension of credit, and thus are not reimbursable.

Block 26. Other Incidental Expenses. Incidental expenses must be itemized and explained on APG Itemized Worksheet-DD Form 1705 Form (see APPENDIX B). An example of an additional incidental expense would be a *Loan Origination Fee* (line 801 of HUD-1): Generally reimbursable up to 1% of the base loan amount, fees equivalent to loan origination fees, but labeled otherwise on the HUD-1, may also be reimbursable. This is usually when a loan origination fee is not charged but an *Application, Processing, or Administrative* fee is. In very limited circumstances copy, wire, courier fees may be reimbursable. See Appendix D and E.

Signature: Sign block 17a and date block 17b. LEAVE PART IV BLANK. Block 19 will be completed by the Client Services Division Staff and the Approval Authority will sign block 20.

(3) Double-Check Your Request for Reimbursement

Using your HUD-1, scan down the reverse side, page 2, to ensure all of the reimbursable items have been included in the correct block on your DD Form 1705. Be sure to only request reimbursement for those amounts that you paid (whether buyer or seller).

Lines 700-704: Total Sales/Broker's Commission based on price \$ may be requested by SELLERS in Block 21 of DD Form 1705. This amount may not exceed 6% of the contract price without justification. BUYER's real estate fees are not reimbursable.

Line 801: Loan Origination Fee. BUYERS will normally be reimbursed for up to 1% of the loan amount if itemized as an incidental expense in Block 26.

Line 802: Loan Discount. This is not a reimbursable expense.

Line 803: Appraisal Fee. SELLERS will be reimbursed in Block 23.

Line 804: Credit Report. Reimbursable in Block 25e.

Line 805: Inspection Fees. Required by Lender. Reimbursable in Block 25d.

Line 806: Mortgage Insurance Application Fee. Amount paid to guarantee repayment of the loan, typically life or owner's insurance is not reimbursable. Mortgage Title Insurance is reimbursable and normally itemized on line 1108.

Line 807: Loan Assumption and or Transfer Fee. BUYER's may be reimbursed if itemized in Block 26.

Lines 808-811: Fees paid as a condition for obtaining credit are not reimbursable. Sometimes described as "Loan Application Fee", "Commitment Fee", "Underwriting Fee", "Tax Service Fee", or "Real Estate Fee", these items are not reimbursable expenses.

Lines 900-904: Items Required by Lender to be Paid in Advance. These expenses are not reimbursable.

Line 1001: Hazard Insurance. Including fire and flood insurance. This is not a reimbursable expense.

Line 1002: Mortgage Insurance. Not reimbursable.

Lines 1003-1005: City and county property taxes are not reimbursable.

Lines 1006-1008: Reserves Deposited with Lender. Escrow accounts are generally prepayments of otherwise non-reimbursable expenses.

Line 1101: Settlement or Closing Fee. Reimbursable in block 25g.

Lines 1102-1107: Title Charges. Reimbursable in block 24.

Line 1108: Title Insurance. Paid under line 1109 is reimbursable in block 25f.

Line 1109: Lender's Coverage. Reimbursable in block 25f.

Line 1110: Owner's Coverage. This is not a reimbursable expense.

Line 1201: Recording Fees. Reimbursable if itemized in block 24.

Line 1202: City/County tax/stamps. Reimbursable in block 25h.

Line 1203: State tax/stamps (transfer and recordation). Reimbursable in block 25h.

Lines 1204-1207: Sales/Transfer or Mortgage Taxes. Reimbursable in block 25i.

Line 1301: Survey. For some new home purchases this amount may be listed in the 100 series on page 1 of HUD-1. Reimbursable in block 24.

Line 1302: Pest Inspection. Reimbursable in block 25d only when required by lender. Radon testing or other environmental testing is reimbursable when required by the lender. This is rarely the case and a statement must be provided explaining requirement. Veteran's Administration Lenders require the seller to pay for pest inspections.

Line 1303: Additional Settlement Charges. Often reimbursable in block 26.

APPENDIX G

Understanding the HUD-1. See *U.S. Department of Housing and Urban Development Handbook 4305.2*.

A. Specific Settlement Costs

This part of the guide discusses the settlement services which you may be required to get and pay for and which are itemized in Section L of the HUD-1 Settlement Statement. You also will find a sample of the HUD-1 form to help you to understand the settlement transaction.

When shopping for settlement services, you can use this section as a guide, noting on it the possible services required by various lenders and the different fees quoted by service providers. Settlement costs can increase the cost of your loan, so compare carefully.

700. Sales/Broker's Commission: This is the total dollar amount of the real estate broker's sales commission, which is usually paid by the seller. This commission is typically a percentage of the selling price of the home.

L. SETTLEMENT CHARGES		
700. TOTAL SALES/BROKER'S COMMISSION based on price \$ @ % =	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
<i>Division of Commission (line 700) as follows:</i>		
701. \$ to		
702. \$ to		
703. Commission paid at Settlement		
704.		

800. Items Payable in Connection with Loan: These are the fees that lenders charge to process, approve and make the mortgage loan:

801. Loan Origination: This fee is usually known as a loan origination fee but sometimes is called a "point" or "points". It covers the lender's administrative costs in processing the loan. Often expressed as a percentage of the loan, the fee will vary among lenders. Generally, the buyer pays the fee, unless otherwise negotiated.

802. Loan Discount: Also often called "points" or "discount points", a loan discount is a one-time charge imposed by the lender or broker to lower the rate at which the lender or broker would otherwise offer the loan to you. Each "point" is equal to one percent of the mortgage amount. For example, if a lender charges two points on an \$80,000 loan this amounts to a charge of \$1,600.

803. Appraisal Fee: This charge pays for an appraisal report made by an appraiser.

804. Credit Report Fee: This fee covers the cost of a credit report, which shows your credit history. The lender uses the information in a credit report to help decide whether or not to approve your loan and how much money to lend you.

805. Lender's Inspection Fee: This charge covers inspections, often of newly constructed housing, made by employees of your lender or by an outside inspector. (Pest or other inspections made by companies other than the lender are discussed on line 1302.)

806. Mortgage Insurance Application Fee: This fee covers the processing of an application for mortgage insurance.

807. Assumption Fee: This is a fee which is charged when a buyer "assumes" or takes over the duty to pay the seller's existing mortgage loan.

808. Mortgage Broker Fee: Fees paid to mortgage brokers would be listed here. A CLO fee would also be listed here.

800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination Fee %		
802. Loan Discount %		
803. Appraisal Fee to		
804. Credit Report to		
805. Lender's Inspection Fee		
806. Mortgage Insurance Application Fee to		
807. Assumption Fee		
808. Mortgage Broker Fee		
809.		
810.		
811.		

900. Items Required by Lender to Be Paid in Advance: You may be required to prepay certain items at the time of settlement, such as accrued interest, mortgage insurance premiums and hazard insurance premiums.

901. Interest: Lenders usually require borrowers to pay the interest that accrues from the date of settlement to the first monthly payment.

902. Mortgage Insurance Premium: The lender may require you to pay your first year's mortgage insurance premium or a lump sum premium that covers the life of the loan, in advance, at the settlement.

903. Hazard Insurance Premium: Hazard insurance protects you and the lender against loss due to fire, windstorm, and natural hazards. Lenders often require the borrower to bring to the settlement a paid-up first year's policy or to pay for the first year's premium at settlement.

904. Flood Insurance: If the lender requires flood insurance, it is usually listed here.

900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest from to @\$ /day		
902. Mortgage Insurance Premium for months to		
903. Hazard Insurance Premium for years to		
904. years to		

905.		
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1000 - 1008. Escrow Account Deposits: These lines identify the payment of taxes and/or insurance and other items that must be made at settlement to set up an escrow account. The lender is not allowed to collect more than a certain amount. The individual item deposits may overstate the amount that can be collected. The aggregate adjustment makes the correction in the amount on line 1008. It will be zero or a negative amount.

1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard Insurance months @ \$ per month		
1002. Mortgage insurance months @ \$ per month		
1003. City property taxes months @ \$ per month		
1004. County property taxes months @ \$ per month		
1005. Annual assessments months @ \$ per month		
1006. months @ \$ per month		
1007. months @ \$ per month		
1008. Aggregate Adjustment		

1100. Title Charges: Title charges may cover a variety of services performed by title companies and others. Your particular settlement may not include all of the items below or may include others not listed.

1101. Settlement or Closing Fee: This fee is paid to the settlement agent or escrow holder. Responsibility for payment of this fee should be negotiated between the seller and the buyer.

1102-1104. Abstract of Title Search, Title Examination, Title Insurance Binder: The charges on these lines cover the costs of the title search and examination.

1105. Document Preparation: This is a separate fee that some lenders or title companies charge to cover their costs of preparation of final legal papers, such as a mortgage, deed of trust, note or deed.

1106. Notary Fee: This fee is charged for the cost of having a person who is licensed as a notary public swear to the fact that the persons named in the documents did, in fact, sign them.

1107. Attorney's Fees: You may be required to pay for legal services provided to the lender, such as an examination of the title binder. Occasionally, the seller will agree in the agreement of sale to pay part of this fee. The cost of your attorney and/or the seller's attorney may also appear here. If an attorney's involvement is required by the lender, the fee will appear on this part of the form, or on lines 1111, 1112 or 1113.

1108. Title Insurance: The total cost of owner's and lender's title insurance is shown here.

1109. Lender's Title Insurance: The cost of the lender's policy is shown here.

1110. Owner's (Buyer's) Title Insurance: The cost of the owner's policy is shown here.

1100. TITLE CHARGES		
1101. Settlement or closing fee to		

1102. Abstract or title search to		
1103. Title examination to		
1104. Title insurance binder to		
1105. Document preparation to		
1106. Notary fees to		
1107. Attorney's fees to		
<i>(includes above items numbers;)</i>		
1108. Title Insurance to		
<i>(includes above items numbers;)</i>		
1109. Lender's coverage \$		
1110. Owner's coverage \$		
1111.		
1112.		
1113.		

1200. Government Recording and Transfer Charges: These fees may be paid by you or by the seller, depending upon your agreement of sale with the seller. The buyer usually pays the fees for legally recording the new deed and mortgage (line 1201). Transfer taxes, which in some localities are collected whenever property changes hands or a mortgage loan is made can be quite large and are set by state and/or local governments. City, county and/or state tax stamps may have to be purchased as well (lines 1202 and 1203).

1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording fees: Deed \$; Mortgage \$; Releases \$		
1202. City/county tax/stamps: Deed \$; Mortgage \$		
1203. State tax/stamps: Deed \$; Mortgage \$		
1204.		
1205.		

1300. Additional Settlement Charges:

1301. Survey: The lender may require that a surveyor conduct a property survey. This is a protection to the buyer as well. Usually the buyer pays the surveyor's fee, but sometimes this may be paid by the seller.

1302. Pest and Other Inspections: This fee is to cover inspections for termites or other pest infestation of your home.

1303-1305. Lead-Based Paint Inspections: This fee is to cover inspections or evaluations for lead-based paint hazard risk assessments and may be on any blank line in the 1300 series.

1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to		
1302. Pest inspection to		
1303.		
1304.		
1305.		

1400. Total Settlement Charges: The sum of all fees in the borrower's column entitled "Paid from Borrower's Funds at Settlement" is placed here. This figure is then transferred to line 103 of Section J, "Settlement charges to borrower" in the **Summary of Borrower's Transaction** on page 1 of the HUD-1 Settlement Statement and added to the purchase price. The sums of all of the settlement fees paid by the seller are transferred to line 502 of Section K, **Summary of Seller's Transaction** on page 1 of the HUD-1 Settlement Statement.

1400. TOTAL SETTLEMENT CHARGES <i>(enter on lines 103, Section J and 502, Section K)</i>		
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Paid Outside Of Closing ("POC"): Some fees may be listed on the HUD-1 to the left of the borrower's column and marked "POC". Fees such as those for credit reports and appraisals are usually paid by the borrower before closing/settlement. They are additional costs to you. Other fees such as those paid by the lender to a mortgage broker or other settlement service providers may be paid after closing/settlement. These fees are usually included in the interest rate or other settlement charge. They are not an additional cost to you. These types of fees will not be added into the total on Line 1400.